

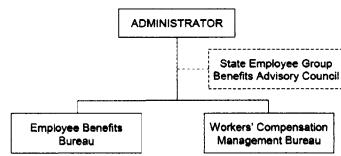
## Department of Administration

## **Health Care and Benefits Division**

Russ Hill, Administrator  
444-2553 ruhill@mt.gov

October 2011

## **Division Structure**



Total FTE - 24 HB2 FTE - 0

2

## **Employee Health Plan**

- Employee Health plan covers over 33,500 employees, legislators, retirees, and their dependents
  - Created in 1979
  - Authorized in Title 2, Chapter 18, Parts 7 & 8 MCA
  - State Employee Group Benefits Advisory Council (SEGBAC) is created in 2-15-1016, MCA
  - Self-insured medical, dental and pharmacy coverage
  - Optional programs are fully-insured
  - Administered through a unique public/private partnership

70

## Duties of Advisory Council (SEGBAC)

- **2-15-1016. State employee group benefits advisory council – composition.** (1) The department shall create a state employee group benefits advisory council under 2-15-122.
  - (2) The members of the advisory council must be selected from a diverse group in order to adequately represent the interests of state employees and retirees.
  - (3) One member of the advisory council must be a retired state employee.
  - (4) Each labor organization, as defined in 39-31-103, representing more than 1,000 employees of the state of Montana is entitled to one representative on the advisory council.
- **2-18-810. Functions of advisory council.** (1) The department shall meet and consult with the advisory council before negotiating, contracting, or otherwise modifying state employee group benefit plans.
  - (2) The advisory council shall meet quarterly to review the existing state employee group benefit plans, to review claims problems, and to advise the department on state employee group benefit matters.

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## Workers' Compensation Management Program

- Coordinate with Montana State Fund for workers' compensation coverage and policy management for 14,000 employees
- Authorized in Title 39, Chapter 71 Part 4 MCA
- Manages workers' compensation policy with Montana State Fund to minimize impacts on premiums
- Develops and oversees safety and return to work programs to reduce injuries and assist employees in returning to productive work

5

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## FY 2011 Expense Summary

Category	Amount in millions	% Health Care Spending
Self insured claims	\$124.1	90%
Fully insured premiums	\$4.6	3%
Wellness programs	\$1.4	1%
Administration	\$7.6	6%
Total Benefits	\$137.7	100%
Other Programs:		
Flex Spending	\$7.4	
Workers' Comp	\$2	
VEBA	\$1	
Total Division	\$145.4	

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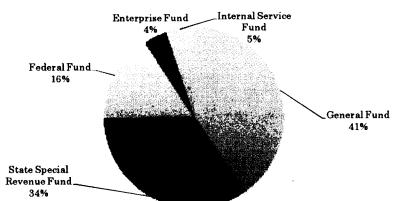
## Employee Benefits Funding

- Employee Benefits are funded by employer contribution (state share), employee, legislators and retiree payments, investment earnings, and Medicare retiree subsidies (Proprietary funds)
- Health Plan Contribution Breakdown:

• State Share	78.0%
• Employees	7.6%
• Legislators	0.3%
• Retirees	13.9%
• COBRA	0.2%

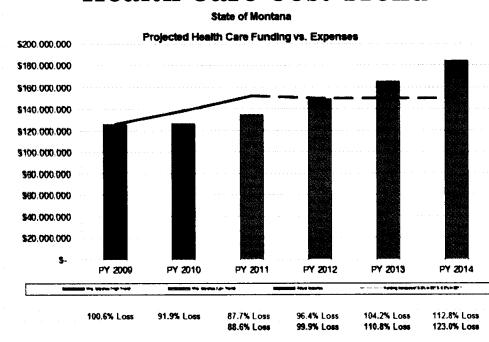
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## Employer Contribution (State Share) by Fund Type



8

## Health Care Cost Trend



## **Health Plan Key Accomplishments**

- Designed, developed and implemented URx pharmacy program
  - 18% savings for plan
  - 5% savings for members
- Developed and implemented new Diabetes Disease Management, Asthma and Blood Pressure programs
  - Participants in the Diabetes program experience:
    - 35% fewer ER visits,
    - 62% fewer hospital admissions, and
    - Average length of hospital stay is 3.6 days vs. 5.6 days

10

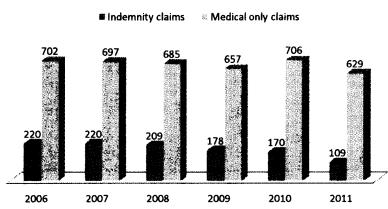
## **Health Plan Key Accomplishments *continued***

- Designed, developed and implemented Quality Care Choices program for cancer care and infusion therapy
- Implemented required aspects of national health care reform (Patient Protection and Affordable Care Act)

11

## **Workers' Compensation Key Accomplishments**

- Implemented return to work and safety programs
- Coordinating with all agencies to reduce injuries and improve safety.



12

## **Health Plan Priorities**

- Pursue cost containment strategies
  - Disease management and wellness
  - Contracting strategies
  - Benefit plan changes
- Monitor national health care reform (Patient Protection and Affordable Care Act) and implement as needed
- Develop new State employee education materials

13

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## **Workers' Compensation Priorities**

- Reduce work-related injuries and increase return to work placements for State employees
- Develop new State employee education materials

14

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## **More information**

- Our web site provides a full description of the programs administered by the Division -  
<http://benefits.mt.gov>
- Quarterly reports and minutes from Advisory Council (SEGBAC) are posted at -  
<http://benefits.mt.gov/segbac.mcpx>

15

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# State Employee Group Benefits Advisory Council (SEGBAC)

## January 7, 2011

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<b>Position, Name, Title</b>	<b>Phone Email</b>	<b>Department</b>	<b>Address</b>	<b>Term Expires</b>
Chairman, <b>Russ Hill</b> Administrator	(406) 444-2553 <a href="mailto:rughill@mt.gov">rughill@mt.gov</a>	DOA/Health Care Benefits Division	100 N Park, Ste 320 Helena, MT 59601	2 Years January 2013
Member, <b>Brian Ehli</b> SW Field Consultant	(406) 721-2928 <a href="mailto:behli@mea-mft.org">behli@mea-mft.org</a>	MEA-MFT	1001 SW Higgins, Ste 101 Missoula, MT 59803	2 Years January 2013
Member, <b>Quint Nyman</b> Executive Director	(406) 442-4600 <a href="mailto:quint@mympea.org">quint@mympea.org</a>	Montana Public Employee's Association	2711 Airport RD Helena, MT 59601	2 Years January 2013
Member, <b>Erin Ricci</b> Administrative Assistant	(406) 444-6731 <a href="mailto:ericci@mt.gov">ericci@mt.gov</a>	ICCW Representative DNRC	1625 11 <sup>th</sup> Ave Helena, MT 59620	2 Years January 2013
Member, <b>John McEwen</b> Representative	(406) 449-8947 <a href="mailto:jhmcewen@msn.com">jhmcewen@msn.com</a>	State of Montana Retirees	556 Sparta Helena, MT 59601	2 Years January 2013
Member, <b>Kelly DaSilva</b> Human Resource Manager	(406) 444-3230 <a href="mailto:kidasilva@mt.gov">kidasilva@mt.gov</a>	Legislative Services Division	State Capitol, Rm 154 Helena, MT 59620	2 Years January 2013
Member, <b>Steve Barry</b> Human Resource Division Administrator	(406) 444-0406 <a href="mailto:sbarry@mt.gov">sbarry@mt.gov</a>	Department of Corrections	1539 11 <sup>th</sup> Ave Helena, MT 59620	2 Years January 2013
Member, <b>Amy Sassano</b> Asst Budget Director	(406) 444-0619 <a href="mailto:asassano@mt.gov">asassano@mt.gov</a>	Office of Budget & Program Planning	State Capitol, Rm 277 Helena, MT 59620	2 Years January 2013
Member, <b>Richard Cooley</b> Senior Investment Officer	(406) 444-1213 <a href="mailto:rcooley@mt.gov">rcooley@mt.gov</a>	Dept of Commerce Board of Investments	2401 Colonial DR, 3 <sup>rd</sup> Floor Helena, MT 59620	2 Years January 2013
Member, <b>Mary Dalton</b> Administrator	(406) 444-4084 <a href="mailto:mdalton@mt.gov">mdalton@mt.gov</a>	DPHHS	1400 Broadway, Rm A203 Helena, MT 59620	2 Years January 2013
Member, <b>Jenny Kaleczyc</b> Assistant Public Defender	(406) 444-2479 <a href="mailto:jkaleczyc@mt.gov">jkaleczyc@mt.gov</a>	Health Resource Division Office of the State Public Defenders	139 N Last Chance Gulch Helena, MT 59620	2 Years January 2013
Member Senator Jim Keane	(406) 723-8378	Senate District 38	2131 Wall St Butte, MT 59701	2 Years January 2013

# **State of Montana Employee Group Benefits Plan**

**Financial Report for Quarter Ending  
June 30, 2011**



Prepared by Actuaries Northwest, LLC

August 10, 2011



Employee Group Benefits Advisory Council  
Health Care and Benefits Division  
100 North Park, Suite 320  
Helena, MT 59620

**Re: Financial Report - July 2010 through June 2011**

Dear Council Members,

The attached report provides a review of claims experience and financial operation of the Medical, Prescription Drug and Dental programs. Data presented includes data for Plan Year 2011 as well as historical data from Plan Year 2010. The first few pages contain claim and enrollment charts and tables.

**Exhibit I** outlines plan participation.

**Exhibit II and Exhibit III** compare income and expense on an aggregate and per capita basis, for the medical plans (combined and separately) and the dental plan.

**Exhibit IV** illustrates income and claims expense for participants under the combined medical plans, by Actives and Retirees.

**Projection A and Projection B** illustrate actual PY2009-PY2010 revenue and expenses, followed by annual projected PY2011-PY2014 revenue, expenses, and annual operating surplus/deficit on a per participant basis and in total. Projection A uses 8% medical trend and 10% Rx trend assumptions. Projection B uses 11% medical trend and 13% Rx trend assumptions.

Annualized benefit cost changes for claims paid are as follows:

Comparison of Medical, Rx and Dental Monthly Per-Capita Claims Costs			
Benefit	Jul 10 - Jun 11	Jul 09 - Jun 10	Percentage Change
Medical	\$ 486.05	\$ 462.02	5.2%
Rx	\$ 112.22	\$ 117.57	-4.6%
Combined	\$ 598.27	\$ 579.59	3.2%
Dental	\$ 35.88	\$ 36.50	-1.7%

Please call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kelly Grebinsky".

Kelly Grebinsky, FSA, MAAA, FCA  
Principal

Enclosure

## Financial Status Summary - Second Quarter 2011

### Update of State of Montana revenues and expenses:

- Revenues exceeded expenses for the medical plans by 23.4% for the first half of the year, including Medicare Part D reimbursements. Medical expenses per eligible are up 3.3% from January through June 2010.
- The dental plan claims experience shows revenue exceeding expenses by 9.8%. For 2011, the loss ratio was targeted to be near 100%.
- For the first half of the year, the CHO Medical Plans had low claims experience with a 76.8% loss ratio. The Traditional Plan had an 86.7% loss ratio. These loss ratios reflect the minor shift in enrollment towards managed care, as well as expected risk selection between plans.
- Actives are running a medical loss ratio of 76.9%, compared to 78.6% a year ago. Retirees are running an 81.7% loss ratio compared to 118.2% a year ago.
- The loss ratio for Early Retirees is 135.3% compared to 163.1% a year ago while Medicare experienced a loss ratio of 43.7% compared to 85.8% a year ago.

### Reserves and fund balance status:

- Fund balance continues to exceed estimated incurred but not reported (IBNR) claim reserves, and currently fall roughly \$13.4 million above recommended reserves.

Report Date	Projected Year End IBNR*	Projected Year End General Reserves	Projected Year End Fund Balance	Recommended Reserves**	Difference
6/30/2010	\$ 13,010,000	\$ 38,146,057	\$ 51,156,057	\$ 52,890,000	\$ (1,733,943)
9/30/2010	\$ 13,110,000	\$ 40,861,421	\$ 53,971,421	\$ 52,690,000	\$ 1,281,421
12/31/2010	\$ 13,110,000	\$ 37,317,766	\$ 50,427,766	\$ 52,890,000	\$ (2,462,234)
3/31/2011	\$ 14,100,000	\$ 51,358,795	\$ 65,458,795	\$ 54,890,000	\$ 10,568,795
6/30/2011	\$ 14,300,000	\$ 54,758,379	\$ 69,058,379	\$ 55,690,000	\$ 13,368,379

\* IBNR is the IBNR reserve plus the grandfathered benefit reserve.

\*\* Based on actuarial recommendation as of June 30, 2011

**Exhibit I: Eligible Participants**

Month	Medical				Dental
	Active	Cobra	Retired <65	Retired 65+	
January 2011	12,871	43	815	2,476	15,655
February 2011	12,789	42	853	2,466	15,615
March 2011	12,821	41	835	2,476	15,639
April 2011	12,861	40	828	2,474	15,690
May 2011	12,875	36	810	2,483	15,677
June 2011	12,793	37	803	2,488	15,599
July 2011	-	-	-	-	-
August 2011	-	-	-	-	-
September 2011	-	-	-	-	-
October 2011	-	-	-	-	-
November 2011	-	-	-	-	-
December 2011	-	-	-	-	-
Total	77,008	237	4,943	14,861	93,874
Average	12,835	40	824	2,477	15,646
January 1, 2010 to June 30, 2010	12,905	43	846	2,487	15,712
Percent Change	-0.5%	-7.0%	-2.6%	-0.4%	-0.4%
<b>Average by Plan YTD PY2011</b>					
Traditional	4,660	17	504	2,271	7,452
<b>Indemnity Total</b>	<b>4,660</b>	<b>17</b>	<b>504</b>	<b>2,271</b>	<b>7,452</b>
BCBSMT HMO	5,748	12	211	113	6,084
PEAK HMO	-	-	-	-	-
NWHP HMO	2,426	11	109	93	2,639
<b>CHO Total</b>	<b>8,174</b>	<b>23</b>	<b>320</b>	<b>206</b>	<b>8,723</b>
January 1, 2010 to June 30, 2010	4,802	14	502	2,304	7,622
<b>Indemnity Total</b>	<b>4,802</b>	<b>14</b>	<b>502</b>	<b>2,304</b>	<b>7,622</b>
BCBSMT HMO	5,698	13	212	94	6,016
PEAK HMO	91	1	4	1	97
NWHP HMO	2,314	15	129	88	2,546
<b>CHO Total</b>	<b>8,103</b>	<b>29</b>	<b>344</b>	<b>183</b>	<b>8,659</b>
<b>Percent Change</b>					
Traditional	-2.9%	21.4%	0.3%	-1.4%	-2.2%
CHO	0.9%	-20.7%	-7.0%	12.6%	0.7%

**Notes:**

Percentage change calculated on YTD average enrollment.

Some figures may not add due to rounding.

**Exhibit II: Income & Expense by Combined Medical Plans & Dental Plan**

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010		January 1, 2009 through June 30, 2009	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
	Medical Plan									
Average Eligible Contributions	\$ 36,607,197	\$ 754.41	\$ 35,085,948	\$ 723.06	\$ 71,693,145	\$ 738.74	\$ 64,096,303	\$ 656.15	\$ 57,715,271	\$ 592.83
Interest Income	\$ 317,419	\$ 6.54	\$ 448,029	\$ 9.23	\$ 765,448	\$ 7.89	\$ 665,745	\$ 6.82	\$ 780,350	\$ 8.02
<b>Total Revenue</b>	<b>\$ 36,924,616</b>	<b>\$ 760.96</b>	<b>\$ 35,533,977</b>	<b>\$ 732.29</b>	<b>\$ 72,455,593</b>	<b>\$ 746.62</b>	<b>\$ 64,762,048</b>	<b>\$ 662.96</b>	<b>\$ 58,495,621</b>	<b>\$ 600.85</b>
Medical Claims	\$ 23,739,635	\$ 489.23	\$ 24,484,358	\$ 504.58	\$ 48,223,993	\$ 496.91	\$ 44,602,669	\$ 456.59	\$ 41,545,301	\$ 426.74
Rx Claims	\$ 5,161,999	\$ 106.38	\$ 5,568,665	\$ 114.76	\$ 10,730,664	\$ 110.57	\$ 9,408,572	\$ 96.31	\$ 11,940,750	\$ 122.65
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (68.70)	\$ (3,333,671)	\$ (34.35)	\$ -	\$ -	\$ (1,624,681)	\$ (16.69)
Managed Care	\$ 28,013	\$ 0.58	\$ 28,997	\$ 0.60	\$ 57,010	\$ 0.59	\$ 273,450	\$ 2.80	\$ 362,258	\$ 3.72
Wellness / DM	\$ 56,408	\$ 1.16	\$ 227,841	\$ 4.70	\$ 284,249	\$ 2.93	\$ 474,648	\$ 4.86	\$ 414,084	\$ 4.25
Payroll Services	\$ 1,764	\$ 0.04	\$ 85,280	\$ 1.76	\$ 87,044	\$ 0.90	\$ (94,592)	\$ (0.97)	\$ 169,676	\$ 1.74
Admin / Operating	\$ 1,234,739	\$ 25.45	\$ 1,411,846	\$ 29.10	\$ 2,646,385	\$ 27.27	\$ 2,532,471	\$ 25.92	\$ 3,495,767	\$ 35.91
<b>Total Expenses</b>	<b>\$ 30,222,558</b>	<b>\$ 622.84</b>	<b>\$ 28,473,316</b>	<b>\$ 586.78</b>	<b>\$ 58,698,874</b>	<b>\$ 604.81</b>	<b>\$ 57,197,218</b>	<b>\$ 565.52</b>	<b>\$ 56,303,155</b>	<b>\$ 578.33</b>
Estimated Operating Addition / (Deficit)	\$ 6,702,058	\$ 138.12	\$ 7,060,661	\$ 145.51	\$ 13,762,719	\$ 141.81	\$ 7,564,830	\$ 77.44	\$ 2,192,466	\$ 22.52
Dental Plan										
Average Eligible Contributions	\$ 2,152,081	\$ 45.88	\$ 2,151,524	\$ 45.81	\$ 4,303,605	\$ 45.84	\$ 4,216,416	\$ 44.73	\$ 4,209,408	\$ 44.84
Interest Income	\$ 17,342	\$ 0.37	\$ 28,050	\$ 0.60	\$ 45,402	\$ 0.48	\$ 43,586	\$ 0.46	\$ 56,914	\$ 0.61
<b>Total Revenue</b>	<b>\$ 2,169,423</b>	<b>\$ 46.25</b>	<b>\$ 2,179,584</b>	<b>\$ 46.41</b>	<b>\$ 4,349,007</b>	<b>\$ 46.33</b>	<b>\$ 4,260,002</b>	<b>\$ 45.19</b>	<b>\$ 4,266,322</b>	<b>\$ 45.44</b>
Medical Claims	\$ 1,787,636	\$ 38.11	\$ 1,803,106	\$ 38.39	\$ 3,590,742	\$ 38.25	\$ 3,565,909	\$ 37.83	\$ 3,640,555	\$ 38.78
Payroll Services	\$ 196	\$ 0.00	\$ 9,476	\$ 0.20	\$ 9,672	\$ 0.10	\$ (10,510)	\$ (0.11)	\$ 18,853	\$ 0.20
Admin / Operating	\$ 167,290	\$ 3.57	\$ 191,563	\$ 4.08	\$ 358,843	\$ 3.82	\$ 393,728	\$ 4.18	\$ 365,717	\$ 3.90
<b>Total Expenses</b>	<b>\$ 1,955,122</b>	<b>\$ 41.68</b>	<b>\$ 2,004,135</b>	<b>\$ 42.67</b>	<b>\$ 3,959,257</b>	<b>\$ 42.18</b>	<b>\$ 3,949,127</b>	<b>\$ 41.89</b>	<b>\$ 4,025,125</b>	<b>\$ 42.87</b>
Estimated Operating Addition / (Deficit)	\$ 214,301	\$ 4.57	\$ 175,449	\$ 3.74	\$ 389,750	\$ 4.15	\$ 310,875	\$ 3.30	\$ 241,197	\$ 2.57
Total Contributions	\$ 38,759,278	\$ 800.29	\$ 37,237,472	\$ 768.87	\$ 75,996,750	\$ 784.58	\$ 68,312,719	\$ 700.88	\$ 61,924,679	\$ 637.67
Interest Income	\$ 334,761	\$ 6.91	\$ 476,089	\$ 9.83	\$ 810,850	\$ 8.37	\$ 709,331	\$ 7.28	\$ 837,264	\$ 8.62
<b>Total Revenue</b>	<b>\$ 39,094,039</b>	<b>\$ 807.20</b>	<b>\$ 37,713,561</b>	<b>\$ 778.70</b>	<b>\$ 76,807,600</b>	<b>\$ 792.95</b>	<b>\$ 69,022,050</b>	<b>\$ 708.15</b>	<b>\$ 62,761,943</b>	<b>\$ 646.29</b>
Medical Claims	\$ 30,689,270	\$ 633.72	\$ 31,856,129	\$ 657.73	\$ 62,545,399	\$ 645.73	\$ 57,577,150	\$ 590.74	\$ 57,126,606	\$ 588.17
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (68.70)	\$ (3,333,671)	\$ (34.35)	\$ -	\$ -	\$ (1,624,681)	\$ (16.69)
Payroll Services	\$ 1,960	\$ 0.04	\$ 94,756	\$ 1.96	\$ 96,716	\$ 1.00	\$ (105,102)	\$ (1.08)	\$ 188,528	\$ 1.94
Other Costs	\$ 1,486,450	\$ 30.75	\$ 1,880,237	\$ 38.47	\$ 3,346,687	\$ 34.61	\$ 3,674,297	\$ 37.76	\$ 4,637,826	\$ 47.78
<b>Total Expenses</b>	<b>\$ 32,177,680</b>	<b>\$ 664.52</b>	<b>\$ 30,477,451</b>	<b>\$ 629.45</b>	<b>\$ 62,655,131</b>	<b>\$ 646.99</b>	<b>\$ 61,146,345</b>	<b>\$ 627.42</b>	<b>\$ 60,328,280</b>	<b>\$ 621.20</b>
Estimated Operating Addition / (Deficit)	\$ 6,916,359	\$ 142.69	\$ 7,236,110	\$ 149.24	\$ 14,152,469	\$ 145.96	\$ 7,875,705	\$ 80.74	\$ 2,433,664	\$ 25.09

**Notes:**

Some figures may not add due to rounding.

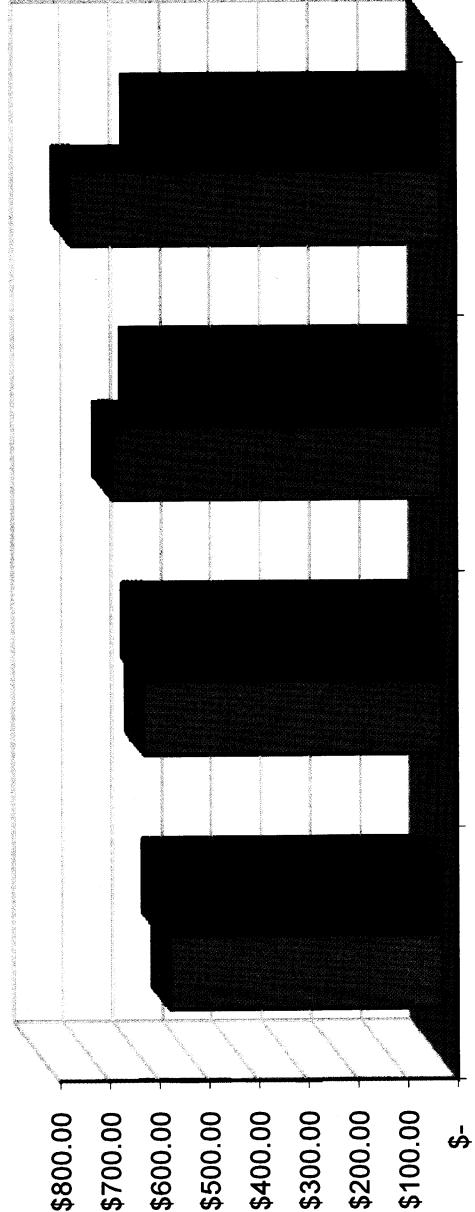
Rx Claims are net of rebates.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

"Admin / Operating" includes claims administration & state operating expenses.

### Per Capita Income vs. Expenses Medical Plan

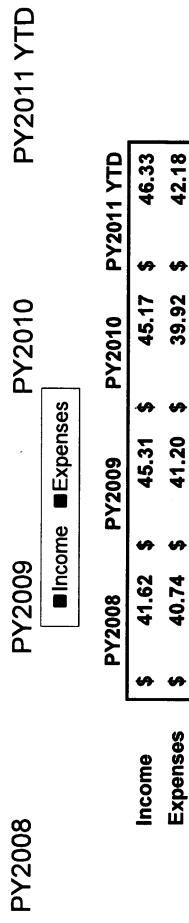
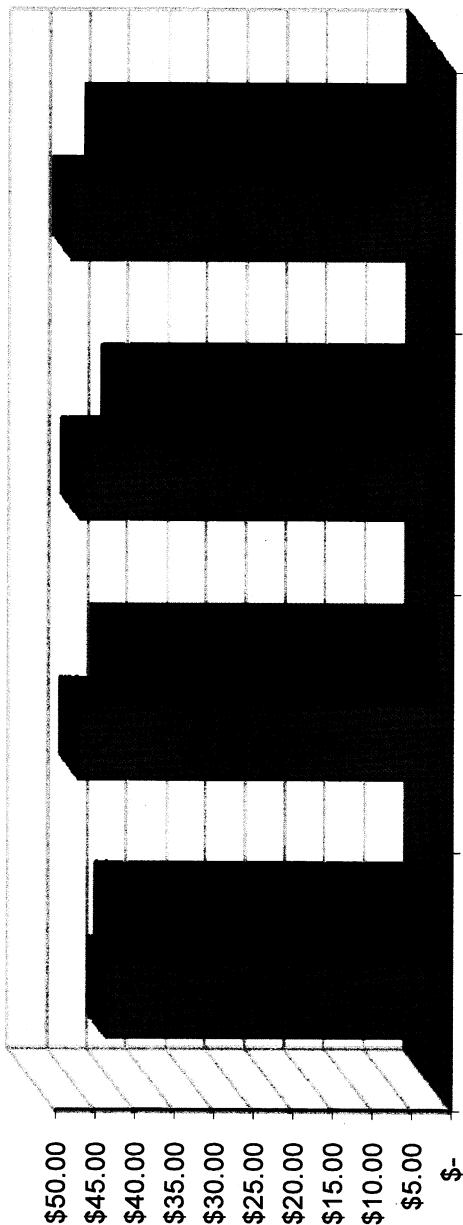


PY2008                    PY2009                    PY2010                    PY2011 YTD

■ Income      ■ Expenses

	PY2008	PY2009	PY2010	PY2011 YTD
Income	\$ 549.71	\$ 599.64	\$ 663.04	\$ 746.62
Expenses	\$ 567.53	\$ 605.84	\$ 609.17	\$ 604.81

### Per Capita Income vs. Expenses Dental Plan



**Exhibit III: Income & Expense by Indemnity Medical Plans**

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
<b>Basic</b>								
Average Eligible								
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Expenses:								
Medical Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rx Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin / Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Estimated Operating Addition / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss Ratio			0.0%		0.0%		0.0%	0.0%
<b>Traditional</b>								
Average Eligible		7,463		7,440		7,452		7,622
Revenues:								
Contributions	\$ 15,592,345	\$ 696.40	\$ 14,893,503	\$ 667.29	\$ 30,485,848	\$ 681.87	\$ 27,743,150	\$ 606.66
Interest Income	\$ 135,200	\$ 6.04	\$ 190,182	\$ 8.52	\$ 325,382	\$ 7.28	\$ 288,117	\$ 6.30
<b>Total Revenue</b>	<b>\$ 15,727,545</b>	<b>\$ 702.44</b>	<b>\$ 15,083,685</b>	<b>\$ 675.81</b>	<b>\$ 30,811,230</b>	<b>\$ 689.14</b>	<b>\$ 28,031,267</b>	<b>\$ 612.96</b>
Expenses:								
Medical Claims	\$ 10,987,391	\$ 490.73	\$ 11,096,685	\$ 497.17	\$ 22,084,076	\$ 493.95	\$ 19,942,537	\$ 436.08
Rx Claims	\$ 2,952,160	\$ 131.85	\$ 3,249,282	\$ 145.58	\$ 6,201,442	\$ 138.71	\$ 5,548,470	\$ 121.33
Medicare Part D	\$ -	\$ -	\$ (3,025,295)	\$ (135.54)	\$ (3,025,295)	\$ (67.67)	\$ -	\$ -
Managed Care	\$ 36,079	\$ 1.61	\$ 37,094	\$ 1.66	\$ 73,173	\$ 1.64	\$ 142,234	\$ 3.11
Wellness / DM	\$ 26,004	\$ 1.16	\$ 104,803	\$ 4.70	\$ 130,807	\$ 2.93	\$ 222,207	\$ 4.86
Payroll Services	\$ 814	\$ 0.04	\$ 39,178	\$ 1.76	\$ 39,991	\$ 0.89	\$ (43,894)	\$ (0.9)
Admin / Operating	\$ 559,471	\$ 24.99	\$ 640,583	\$ 28.70	\$ 1,200,054	\$ 26.84	\$ 663,560	\$ 14.3
<b>Total Expenses</b>	<b>\$ 14,561,919</b>	<b>\$ 650.38</b>	<b>\$ 12,142,329</b>	<b>\$ 544.02</b>	<b>\$ 26,704,249</b>	<b>\$ 597.28</b>	<b>\$ 26,475,114</b>	<b>\$ 578.93</b>
Estimated Operating Addition / (Deficit)	\$ 1,165,626	\$ 52.06	\$ 2,941,355	\$ 131.78	\$ 4,106,981	\$ 91.86	\$ 1,556,153	\$ 34.03
Loss Ratio			92.6%		80.5%		86.7%	94.4%
<b>Total</b>								
Average Eligible		7,463		7,440		7,452		7,622
<b>Total Revenue</b>	<b>\$ 15,727,545</b>	<b>\$ 702.44</b>	<b>\$ 15,083,685</b>	<b>\$ 675.81</b>	<b>\$ 30,811,230</b>	<b>\$ 689.14</b>	<b>\$ 28,031,267</b>	<b>\$ 612.96</b>
Expenses:								
Claims	\$ 13,939,551	\$ 622.58	\$ 14,345,967	\$ 642.75	\$ 28,285,518	\$ 632.65	\$ 25,491,007	\$ 557.41
Medicare Part D	\$ -	\$ -	\$ (3,025,295)	\$ (135.54)	\$ (3,025,295)	\$ (67.67)	\$ -	\$ -
Payroll Services	\$ 814	\$ 0.04	\$ 39,178	\$ 1.76	\$ 39,991	\$ 0.89	\$ (43,894)	\$ (0.96)
Other Costs	\$ 621,555	\$ 27.76	\$ 782,480	\$ 35.06	\$ 1,404,035	\$ 31.40	\$ 1,028,001	\$ 22.48
<b>Total Expenses</b>	<b>\$ 14,561,919</b>	<b>\$ 650.38</b>	<b>\$ 12,142,329</b>	<b>\$ 544.02</b>	<b>\$ 26,704,249</b>	<b>\$ 597.28</b>	<b>\$ 26,475,114</b>	<b>\$ 578.93</b>
Estimated Operating Addition / (Deficit)	\$ 1,165,626	\$ 52.06	\$ 2,941,355	\$ 131.78	\$ 4,106,981	\$ 91.86	\$ 1,556,153	\$ 34.03
Loss Ratio			92.6%		80.5%		86.7%	94.4%

**Notes:**

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

"Admin / Operating" includes claims administration & state operating expenses.

**Exhibit III: Income & Expense by CHO Medical Plans**

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010	
	Monthly Amount Per Eligible		Monthly Amount Per Eligible		Monthly Amount Per Eligible		Monthly Amount Per Eligible	
	Total \$		Total \$		Total \$		Total \$	
Blue Choice		6,067		6,101		6,084		6,016
Average Eligible Revenues:								
Contributions	\$ 14,731,349	\$ 809.39	\$ 14,184,786	\$ 774.98	\$ 28,916,135	\$ 792.14	\$ 25,102,359	\$ 695.43
Interest Income	\$ 127,735	\$ 7.02	\$ 181,132	\$ 9.90	\$ 308,867	\$ 8.46	\$ 260,840	\$ 7.23
<b>Total Revenue</b>	<b>\$ 14,859,084</b>	<b>\$ 816.41</b>	<b>\$ 14,365,918</b>	<b>\$ 784.87</b>	<b>\$ 29,225,002</b>	<b>\$ 800.60</b>	<b>\$ 25,363,199</b>	<b>\$ 702.66</b>
Expenses:								
Medical Claims	\$ 8,456,492	\$ 464.63	\$ 8,796,379	\$ 480.58	\$ 17,252,871	\$ 472.63	\$ 14,162,052	\$ 392.34
Rx Claims	\$ 1,482,389	\$ 81.45	\$ 1,566,345	\$ 85.58	\$ 3,048,734	\$ 83.52	\$ 2,544,625	\$ 70.50
Medicare Part D	\$ -	\$ -	\$ (175,233)	\$ (9.57)	\$ (175,233)	\$ (4.80)	\$ -	\$ -
Managed Care	\$ (5,614)	\$ (0.31)	\$ (5,651)	\$ (0.31)	\$ (11,265)	\$ (0.31)	\$ 91,086	\$ 2.52
Wellness / DM	\$ 21,169	\$ 1.16	\$ 85,924	\$ 4.69	\$ 107,093	\$ 2.93	\$ 175,458	\$ 4.86
Payroll Services	\$ 662	\$ 0.04	\$ 32,231	\$ 1.76	\$ 32,894	\$ 0.90	\$ (35,928)	\$ (1.00)
Admin / Operating	\$ 412,704	\$ 22.68	\$ 483,744	\$ 26.43	\$ 896,448	\$ 24.56	\$ 1,199,556	\$ 33.23
<b>Total Expenses</b>	<b>\$ 10,367,803</b>	<b>\$ 569.64</b>	<b>\$ 10,783,738</b>	<b>\$ 589.16</b>	<b>\$ 21,151,541</b>	<b>\$ 579.43</b>	<b>\$ 18,136,847</b>	<b>\$ 502.46</b>
Estimated Operating Addition / (Deficit)	\$ 4,491,281	\$ 246.77	\$ 3,582,180	\$ 195.71	\$ 8,073,460	\$ 221.17	\$ 7,226,351	\$ 200.20
Loss Ratio		69.8%		75.1%		72.4%		71.5%
Peak								97
Average Eligible Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,826	\$ 684.68
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,140	\$ 7.11
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 402,966</b>	<b>\$ 691.79</b>
Expenses:								
Medical Claims	\$ 143,696	\$ -	\$ 9,121	\$ -	\$ 152,816	\$ -	\$ 381,480	\$ 654.90
Rx Claims	\$ (65)	\$ -	\$ -	\$ -	\$ (65)	\$ -	\$ 23,068	\$ 39.60
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,465	\$ 2.52
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,833	\$ 4.86
SABHRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (548)	\$ (0.94)
Admin / Operating	\$ 4,819	\$ -	\$ 1,230	\$ -	\$ 6,049	\$ -	\$ 23,500	\$ 40.34
<b>Total Expenses</b>	<b>\$ 148,451</b>	<b>\$ -</b>	<b>\$ 10,351</b>	<b>\$ -</b>	<b>\$ 158,802</b>	<b>\$ -</b>	<b>\$ 431,800</b>	<b>\$ 741.29</b>
Estimated Operating Addition / (Deficit)	\$ (148,451)	\$ -	\$ (10,351)	\$ -	\$ (158,802)	\$ -	\$ (28,834)	\$ (49.50)
Loss Ratio		0.0%		0.0%		0.0%		107.2%
New West		2,645		2,634		2,639		2,546
Average Eligible Revenues:								
Contributions	\$ 6,283,503	\$ 792.02	\$ 6,007,659	\$ 760.32	\$ 12,291,162	\$ 776.20	\$ 10,851,968	\$ 710.39
Interest Income	\$ 54,484	\$ 6.87	\$ 76,715	\$ 9.71	\$ 131,199	\$ 8.29	\$ 112,649	\$ 7.37
<b>Total Revenue</b>	<b>\$ 6,337,987</b>	<b>\$ 798.89</b>	<b>\$ 6,084,374</b>	<b>\$ 770.03</b>	<b>\$ 12,422,361</b>	<b>\$ 784.49</b>	<b>\$ 10,964,617</b>	<b>\$ 717.77</b>
Expenses:								
Medical Claims	\$ 4,152,056	\$ 523.36	\$ 4,582,173	\$ 579.91	\$ 8,734,229	\$ 551.58	\$ 10,116,600	\$ 662.25
Rx Claims	\$ 727,515	\$ 91.70	\$ 753,039	\$ 95.30	\$ 1,480,553	\$ 93.50	\$ 1,292,409	\$ 84.60
Medicare Part D	\$ -	\$ -	\$ (133,142)	\$ (16.85)	\$ (133,142)	\$ (8.41)	\$ -	\$ -
Managed Care	\$ (2,453)	\$ (0.31)	\$ (2,446)	\$ (0.31)	\$ (4,899)	\$ (0.31)	\$ 38,665	\$ 2.53
Wellness / DM	\$ 9,235	\$ 1.16	\$ 37,114	\$ 4.70	\$ 46,349	\$ 2.93	\$ 74,150	\$ 4.85
Payroll Services	\$ 288	\$ 0.04	\$ 13,871	\$ 1.76	\$ 14,159	\$ 0.89	\$ (14,222)	\$ (0.93)
Admin / Operating	\$ 257,745	\$ 32.49	\$ 286,289	\$ 36.23	\$ 544,034	\$ 34.36	\$ 645,855	\$ 42.28
<b>Total Expenses</b>	<b>\$ 5,144,385</b>	<b>\$ 648.44</b>	<b>\$ 5,536,896</b>	<b>\$ 700.74</b>	<b>\$ 10,681,282</b>	<b>\$ 674.54</b>	<b>\$ 12,153,456</b>	<b>\$ 795.59</b>
Estimated Operating Addition / (Deficit)	\$ 1,193,602	\$ 150.45	\$ 547,478	\$ 69.29	\$ 1,741,080	\$ 109.95	\$ (1,188,839)	\$ (77.82)
Loss Ratio		81.2%		91.0%		86.0%		110.8%
Total CHO		8,711		8,735		8,723		8,659
Average Eligible Total Revenue	\$ 21,197,071	\$ 811.09	\$ 20,450,292	\$ 780.40	\$ 41,647,363	\$ 795.72	\$ 36,730,782	\$ 706.98
Expenses:								
Claims	\$ 14,962,083	\$ 572.51	\$ 15,707,056	\$ 599.39	\$ 30,669,139	\$ 585.97	\$ 28,520,234	\$ 548.95
Medicare Part D	\$ -	\$ -	\$ (308,376)	\$ (11.77)	\$ (308,376)	\$ (5.89)	\$ -	\$ -
Payroll Services	\$ 950	\$ 0.04	\$ 46,103	\$ 1.76	\$ 47,053	\$ 0.90	\$ (50,698)	\$ (0.98)
Other Costs	\$ 697,605	\$ 26.69	\$ 886,204	\$ 33.82	\$ 1,583,809	\$ 30.26	\$ 2,252,568	\$ 43.36
<b>Total Expenses</b>	<b>\$ 15,660,639</b>	<b>\$ 599.24</b>	<b>\$ 16,330,986</b>	<b>\$ 623.20</b>	<b>\$ 31,991,625</b>	<b>\$ 611.24</b>	<b>\$ 30,722,104</b>	<b>\$ 591.33</b>
Estimated Operating Addition / (Deficit)	\$ 5,536,432	\$ 211.85	\$ 4,119,306	\$ 157.20	\$ 9,655,738	\$ 184.48	\$ 6,008,679	\$ 115.65
Loss Ratio		73.9%		79.9%		76.8%		83.6%

**Notes:**

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

"Admin / Operating" includes claims administration & state operating expenses.

**Exhibit IV: Medical Income & Expense by Actives and Retirees**

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010	
	Monthly Amount Total \$      Per Eligible		Monthly Amount Total \$      Per Eligible		Monthly Amount Total \$      Per Eligible		Monthly Amount Total \$      Per Eligible	
	<b>Actives &amp; COBRA</b>							
Average Eligible		12,868		12,880		12,874		12,948
Contributions	\$ 31,351,331	\$ 812.11	\$ 30,095,506	\$ 778.87	\$ 61,446,837	\$ 795.48	\$ 54,866,503	\$ 706.24
Medical Claims	\$ 19,961,912	\$ 517.08	\$ 20,601,437	\$ 533.16	\$ 40,563,349	\$ 525.13	\$ 37,244,387	\$ 479.41
Rx Claims	\$ 3,254,480	\$ 84.30	\$ 3,435,145	\$ 88.90	\$ 6,689,625	\$ 86.60	\$ 5,855,449	\$ 75.37
<b>Total Claims</b>	<b>\$ 23,216,392</b>	<b>\$ 601.38</b>	<b>\$ 24,036,582</b>	<b>\$ 622.06</b>	<b>\$ 47,252,974</b>	<b>\$ 611.73</b>	<b>\$ 43,099,836</b>	<b>\$ 554.78</b>
Loss Ratio		74.1%		79.9%		76.9%		78.6%
Retirees under 65								
Average Eligible		834		814		824		846
Contributions	\$ 2,199,005	\$ 878.90	\$ 2,046,510	\$ 838.56	\$ 4,245,515	\$ 858.98	\$ 3,871,276	\$ 762.89
Medical Claims	\$ 2,207,524	\$ 882.30	\$ 2,030,823	\$ 832.13	\$ 4,238,347	\$ 857.53	\$ 4,906,275	\$ 966.85
Rx Claims	\$ 716,785	\$ 286.48	\$ 788,648	\$ 323.15	\$ 1,505,433	\$ 304.59	\$ 1,406,022	\$ 277.08
<b>Total Claims</b>	<b>\$ 2,924,307</b>	<b>\$ 1,168.79</b>	<b>\$ 2,819,471</b>	<b>\$ 1,155.28</b>	<b>\$ 5,743,779</b>	<b>\$ 1,162.12</b>	<b>\$ 6,312,296</b>	<b>\$ 1,243.92</b>
Loss Ratio		133.0%		137.8%		135.3%		163.1%
Retirees 65+								
Average Eligible		2,472		2,481		2,477		2,487
Contributions	\$ 3,056,860	\$ 412.14	\$ 2,943,932	\$ 395.48	\$ 6,000,792	\$ 403.79	\$ 5,358,524	\$ 359.08
Medical Claims	\$ 1,570,199	\$ 211.70	\$ 1,852,098	\$ 248.80	\$ 3,422,297	\$ 230.29	\$ 2,452,007	\$ 164.31
Rx Claims	\$ 1,190,735	\$ 160.54	\$ 1,344,872	\$ 180.67	\$ 2,535,606	\$ 170.62	\$ 2,147,100	\$ 143.88
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (447.83)	\$ (3,333,671)	\$ (224.32)	\$ -	\$ -
<b>Total Claims</b>	<b>\$ 2,760,933</b>	<b>\$ 372.24</b>	<b>\$ (136,701)</b>	<b>\$ (18.36)</b>	<b>\$ 2,624,232</b>	<b>\$ 176.59</b>	<b>\$ 4,599,107</b>	<b>\$ 308.19</b>
Loss Ratio		90.3%		-4.6%		43.7%		85
Total Retirees								
Average Eligible		3,306		3,295		3,301		3,333
Contributions	\$ 5,255,866	\$ 529.88	\$ 4,990,442	\$ 504.88	\$ 10,246,308	\$ 517.40	\$ 9,229,800	\$ 461.55
Medical Claims	\$ 3,777,723	\$ 380.86	\$ 3,882,921	\$ 392.83	\$ 7,660,644	\$ 386.83	\$ 7,358,282	\$ 367.96
Rx Claims	\$ 1,907,519	\$ 192.31	\$ 2,133,520	\$ 215.85	\$ 4,041,039	\$ 204.06	\$ 3,553,122	\$ 177.68
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (337.26)	\$ (3,333,671)	\$ (168.34)	\$ -	\$ -
<b>Total Claims</b>	<b>\$ 5,685,242</b>	<b>\$ 573.17</b>	<b>\$ 2,682,770</b>	<b>\$ 271.41</b>	<b>\$ 8,368,012</b>	<b>\$ 422.55</b>	<b>\$ 10,911,405</b>	<b>\$ 545.64</b>
Loss Ratio		108.2%		53.8%		81.7%		118.2%

**Notes:**

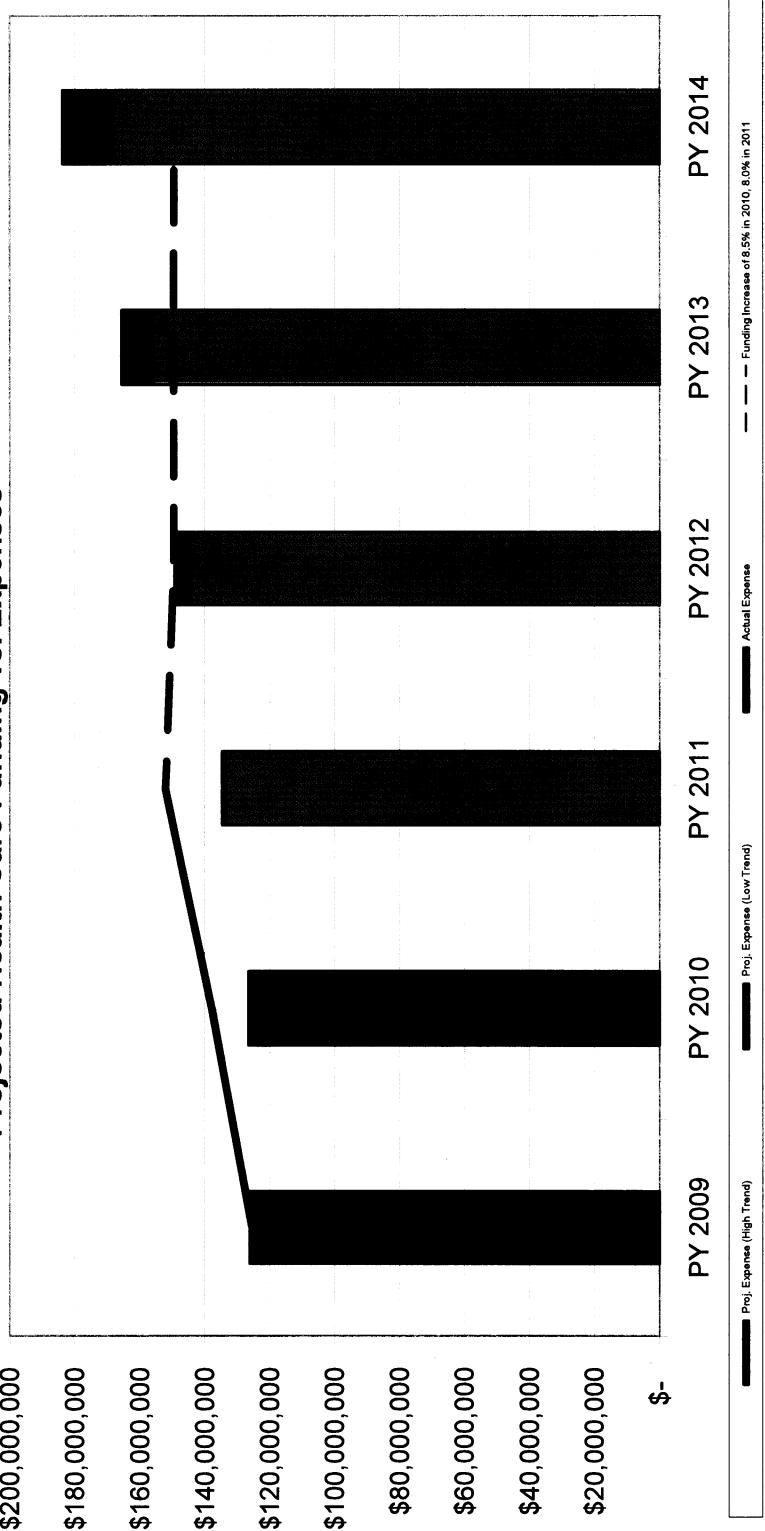
Some figures may not add due to rounding.

Rx claims are net of rebates.

Medical claims include capitation costs.

## State of Montana

### Projected Health Care Funding vs. Expenses



*Low Trend = 8% Medical and 10% Rx; High Trend = 11% Medical and 13% Rx.*